

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF TEXAS
HOUSTON DIVISION

W&T OFFSHORE, INC. 4:22-CV-03149

VS. HOUSTON, TEXAS

ALL ABOUT IT, INC., ET AL SEPTEMBER 15, 2022

TRANSCRIPT OF MOTION
FOR TEMPORARY RESTRAINING ORDER PROCEEDINGS
HEARD BEFORE THE HONORABLE LYNN N. HUGHES
UNITED STATES DISTRICT JUDGE

APPEARANCES:

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transcript produced via computer.

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PROCEEDINGS

THE COURT: I have been advised that there will be witnesses?

MR. HALL: We have them available for the Court should you choose to take evidence.

THE COURT: Is it like those three people?

MR. HALL: No, sir. We brought the chief information officer from our company.

MR. GIBSON: Your Honor, we have our chief executive available, although we assumed that we were going to be arguing just documents and evidence; but we're happy to put on evidence if the Court would like it.

I do have, however -- that is my paralegal right there, Emily Gilmore.

THE COURT: Which one is your paralegal?

MR. GIBSON: This young lady right here.

THE COURT: Well, sit her at the table. That's where the help is needed. I've got a crutch, but I left it in the garage.

MR. GIBSON: We have an Exhibit 4 that we've tendered to the Court, Your Honor. It's a listing of all of the pieces of hardware that the plaintiffs in this case have purchased. That list was prepared by Ms. Gilmore if there is any objection or any concern about the formation of the document.

THE COURT: Okay. Okay. If you wanted to call her to

1 estimate on next weekend's football games, I'd let her do it.
2 I think that was kind of crazy, but she'd probably win better
3 than I would.

4 Who knows about the operations with this system
5 on this company's platform?

6 MR. HAYNES: I do.

7 MR. HITTNER: That would be the CIO, Alvin Haynes,
8 Your Honor.

9 THE COURT: What I want him to do is to describe the
10 use of the machine. Having spent far too much of my life in
11 oil fields, if you ever want to be humiliated, just go do it
12 and then try to live on it.

13 MR. HITTNER: If I may, do you want to hear from us or
14 Mr. Haynes first? I can summarize it for you if you'd like --
15 why we're here and how we're here.

16 This is about an entire system of servers and so
17 forth across multiple rigs and so forth.

18 THE COURT: Mr. Hittner, as I've had to explain to
19 everybody, including my children, I'm not as dumb as I look;
20 and so let's get to what I need to know --

21 MR. HITTNER: Yes, Your Honor.

22 THE COURT: -- with great precision and clarity.

23 Now, you get out of the way.

24 MR. HITTNER: I'm out of the way.

25 MR. HALL: Judge, do you want him on the witness stand

1 or here?

2 THE COURT: Which would you prefer?

3 MR. HITTNER: Your Honor, I think it's probably more
4 appropriate to have him on the witness stand and sworn.

5 Your call, Judge.

6 THE COURT: And your only live witness is Ms. Gilmore?

7 MR. GIBSON: No, Your Honor. We have our -- upon
8 learning that they were going to present a witness, we've asked
9 our chief executive to come down. He will be here momentarily.
10 So we can get started, but our witness will be arriving
11 shortly.

12 THE COURT: Get him up there. Apparently we've decided
13 I need to twist my neck.

14 You can take a seat. We've had problems with
15 people stealing the seats so we nailed them down and all you
16 can do is hope for a comfortable -- believe me, you can pull
17 the microphone around and please get it as close to you as you
18 can possibly be comfortable.

19 MR. HALL: May I proceed, Your Honor?

20 THE COURT: Please, sir.

21 **ALVIN T. HAYNES**

22 having been first duly sworn, testified as follows:

23 **DIRECT EXAMINATION**

24 **BY MR. HALL:**

25 Q. Would you please state your full name.

1 A. Alvin Haynes.

2 Q. Where do you live?

3 A. Houston, Texas.

4 Q. Where do you work?

5 A. W&T Offshore.

6 Q. What do you do there?

7 A. I'm the chief information officer of W&T Offshore.

8 Q. In that capacity what are your responsibilities and
9 duties?

10 A. My responsibilities and duties is to manage and
11 maintain the enterprise --

12 THE COURT: You're going to have to speak up.

13 A. -- is to manage and maintain the enterprise network for
14 the company.

15 Q. What is an enterprise network?

16 A. It's comprised of many different computers and systems
17 that control our entire IT information assets. It controls our
18 operations in the Gulf of Mexico.

19 Q. What does W&T Offshore do?

20 A. We are an independent oil and gas exploration company with
21 operations in the Gulf of Mexico.

22 Q. Those operations that are in the Gulf of Mexico, what do
23 they involve?

24 A. They involve the exploration and production of oil and
25 gas, the drilling of wells and production of the product.

1 Q. And would you tell the Court how many wells do you-all
2 operate in the Gulf of Mexico?

3 A. Over 500 wells.

4 Q. Do you have platforms that actually connect to those
5 wells?

6 A. Yes, we do. We have 119 platforms.

7 Q. All right. In terms of your operations, you-all have a
8 computer network that keeps you in connection with those oil
9 wells?

10 A. Yes, we do.

11 Q. All right. And can you operate your business without that
12 computer network?

13 A. No, we cannot.

14 Q. What are the component parts -- if you can tell us, what
15 are the component parts of the computer network that you must
16 have in order to operate your business?

17 A. We must have access to our physical servers, which are the
18 computers that compute the data that's inputted into those
19 computers. We must have control of the networking devices that
20 allows us to communicate with those platforms in the Gulf of
21 Mexico. Then we must also have access to our data, which is
22 all of our geographical and seismic data that houses our
23 information related to those wells we operate.

24 Q. You are the chief information officer, and in that
25 capacity do you presently have control over your computer

1 network system?

2 A. No, I do not.

3 Q. Who has control over your computer network system?

4 A. AAITPRO.

5 Q. That's the defendant that has been sued in this case?

6 A. Correct.

7 Q. What service does AAIT provide you-all as it relates to
8 your computer network services?

9 A. AAIT currently manages and maintains and secures the
10 entire computer network for W&T.

11 Q. Do you-all pay them for that service?

12 A. Yes, we do.

13 Q. Would you tell the judge: How much do you pay on a
14 monthly basis to AAIT for that service?

15 A. Over \$300,000 on a monthly basis.

16 Q. How long has AAIT been providing this service for you?

17 A. Since 2017.

18 Q. And since 2017 to the present, how much money have you-all
19 paid to AAIT to do this service for you relating to your
20 computer network system?

21 A. In excess of \$13 million.

22 Q. All right. Are you presently paying them \$300,000 or
23 approximately \$300,000 a month for that service?

24 A. Yes, we are.

25 Q. All right. Since 2017 to the present has AAIT, the

1 defendant in the case -- and I'm just going to start referring
2 to them as "the defendant," okay? Is that all right with you?

3 A. Yes, it is.

4 Q. All right. Have they actually billed you for services as
5 well as equipment that they wanted you to buy for your computer
6 network system?

7 A. Yes, they have.

8 Q. All right. And have you paid those invoices?

9 A. Each and every invoice has been paid.

10 Q. Before we get to those invoices, is AAIT right now
11 claiming that they own the equipment that you-all bought?

12 A. Yes, they are.

13 Q. Has AAIT taken control over your equipment?

14 A. Yes, they have.

15 Q. Passwords. Let's talk about passwords. Do you have to
16 have passwords in order to access your computer network?

17 A. Yes, I do.

18 Q. Has AAIT permitted you to have passwords now for you to
19 control your system?

20 A. No, they have not.

21 Q. The physical equipment that comprises your computer
22 infrastructure, where is that located?

23 A. It resides at CyrusOne data center in west Houston.

24 Q. And do you have a backup system to it?

25 A. Yes, we do.

1 Q. Where is that?

2 A. That resides at a secondary data center in Austin, Texas.

3 THE COURT: Hoffman?

4 MR. HALL: Austin.

5 THE WITNESS: In Austin, Texas.

6 **BY MR. HALL:**

7 Q. So the backup system is in Austin, Texas; is that right?

8 A. And the primary is in Houston, Texas, correct.

9 Q. All right. Tell the Court -- this company is supposed to
10 be providing you service. Have they blocked you out from your
11 own computer system?

12 A. Yes, they have.

13 Q. Tell the Court how they blocked you.

14 A. They have not provided us physical access to the data
15 centers that houses our computers and our network and equipment
16 and our backup hardware. They've not provided us with the
17 necessary credentials of usernames and passwords for the
18 network and devices that would allow us to take control of the
19 network.

20 Q. Have you asked them "Please give us the passwords so that
21 we can now have access to our computer system"?

22 A. Yes, we have, repeatedly.

23 Q. And what has been their response?

24 A. That it would compromise the security of their systems and
25 allow us to see other clients' data.

1 Q. And as a result they have not given you the passwords?

2 A. No, they have not.

3 Q. As you sit here today as the chief information officer of
4 W&T, can you control those wells?

5 A. No, we cannot.

6 Q. Do you know whether these wells are being ably and
7 correctly controlled by the computer infrastructure?

8 A. No, we do not.

9 Q. Does AAIT even provide you with information to say, "Hey,
10 we're monitoring the wells for you and they're all intact"?

11 A. No, they do not.

12 Q. Essentially right now what have you asked of AAIT?

13 A. We have asked them to return the control of our computer
14 networks to W&T. We have asked them for access to the physical
15 data center, the one in Austin as well as the one in Houston;
16 and they have refused to provide that access.

17 Q. Have you told AAIT that you intend to terminate their
18 services?

19 A. Yes, we have.

20 Q. What was the response of AAIT after you told them that you
21 were going to terminate their services?

22 A. They stopped providing services intermittently, and over a
23 period of time they wrote a letter saying they will now
24 terminate services and give us only 30 days to terminate the
25 services.

1 Q. 30 days for you -- and what does terminating the service
2 entail?

3 A. Shutting down our computer network.

4 Q. How long would it take you-all if you did everything
5 possible to transfer four years of information into a
6 completely different computer network system?

7 A. At a minimum of 90 days. At a minimum.

8 Q. Have you told AAIT "It's physically impossible for us to
9 transfer this amount of data, this amount of equipment and
10 maintain it, stay in connection with the wells in 30 days"?

11 Have you told them whether you could do that?

12 A. Yes, we have.

13 Q. Can you do it?

14 A. No, we cannot, not in 30 days.

15 Q. So if we do not -- if the Court chooses not to give you a
16 temporary restraining order or an injunction today, when has
17 AAIT told you that they are no longer going to be providing the
18 services for you.

19 A. As of Friday, this coming Friday.

20 Q. Is that tomorrow?

21 A. That is tomorrow.

22 Q. Have you filed litigation against AAIT other than what's
23 before this judge?

24 A. Can you repeat that?

25 Q. Sure. You filed a lawsuit, right?

1 A. Yes, we have.

2 Q. Did you obtain a temporary restraining order against AAIT?

3 A. Yes, we have.

4 Q. What did that temporary restraining order require them to
5 do?

6 A. To continue to provide us uninterrupted service.

7 Q. That temporary restraining order will lapse, though, in
8 14 days, correct?

9 A. Correct.

10 Q. Did you ask also that the temporary restraining order be
11 extended?

12 A. Yes, we have.

13 Q. When does that extended TRO end?

14 A. Tomorrow.

15 Q. So if we do not get relief today, you're telling the Court
16 that these 500 wells, these 117 platforms will be disconnected
17 and no one available to monitor them?

18 A. That is correct.

19 Q. Is that a dangerous condition?

20 A. Very dangerous.

21 Q. Now, I assume that you-all also have the hazard of
22 hurricanes in the Gulf of Mexico.

23 A. Correct.

24 Q. Is this a necessary component and communications system
25 for you to stay in touch not only with the wells, but with the

1 personnel you have on the platforms?

2 A. Yes, it is, very important.

3 Q. Who controls that?

4 A. Ramesh -- AAIT controls that.

5 Q. As of tomorrow, without a temporary injunction or a
6 restraining order, there's no further communication with even
7 your personnel that are on the platforms?

8 A. That's correct.

9 Q. Obviously that's a dangerous condition?

10 A. It certainly is.

11 Q. Did you ever -- and by "you" I'm talking about W&T. Did
12 you-all ever tell AAIT "Take over our system and block us out"?

13 A. No, we did not.

14 Q. There's a concept known as conversion where one party
15 takes dominion and control over somebody else's property, okay?
16 I'm supplying that definition to you.

17 A. Okay.

18 Q. Has AAIT taken unauthorized dominion and control over your
19 computer system?

20 A. Yes, they have.

21 Q. Would you tell the Court this.

22 THE COURT: Okay.

23 MR. HALL: Yes, Judge?

24 THE COURT: The poor man has got enough problems
25 without you teaching him law. So let's get him back to his

1 life.

2 Would you like a glass of water?

3 THE WITNESS: I'm fine. Thank you, Your Honor.

4 THE COURT: When you want one, say something.

5 THE WITNESS: Thanks.

6 **BY MR. HALL:**

7 Q. You have a stack of documents in front of you. Do you
8 recognize --

9 MR. HALL: And we've identified them, Your Honor, as
10 Exhibits 1 through 14.

11 THE COURT: While we're sort of paused here. I have a
12 question if counsel won't mind.

13 Are any of the wells managed by your firm
14 actively drilling?

15 THE WITNESS: I'm not a hundred percent certain, sir.

16 THE COURT: Pardon?

17 THE WITNESS: I'm not a hundred percent certain if
18 they're actively drilling.

19 THE COURT: Does anybody else with the company know?

20 MR. HALL: You mean drilling or operating?

21 THE COURT: I'd say --

22 MR. HALL: Drilling?

23 THE COURT: They always say, "production" in the
24 papers; and it would be bizarre if you had 75, 150 wells all
25 being drilled in the same area.

1 MR. HALL: Judge, I think the general counsel has the
2 answer to your question if it's acceptable.

3 MR. CURTH: Yes, Your Honor. We're running --

4 MR. HALL: What's your name?

5 MR. CURTH: Jonathan Curth, general counsel at W&T.

6 We are running approximately, I want to believe,
7 an 85-million-dollar capital expenditure budget for this year.
8 We're constantly doing reworkings, drilling, completions. We
9 don't do any fracking in the Gulf of Mexico, but we otherwise
10 do complete the wells.

11 THE COURT: But you don't do the drilling.

12 MR. CURTH: We have contractors.

13 THE COURT: That's the smart way to do it.

14 MR. CURTH: Yeah.

15 THE COURT: Then you have somebody to blame.

16 MR. CURTH: Yeah. Yeah.

17 THE COURT: A historic example of that is there was --
18 they were drilling and producing and they realized they were
19 the only one who was doing it. A giant company like Shell
20 could do it, but it's not normally done by -- nothing keeps you
21 from doing it except maybe rationale-wise.

22 MR. CURTH: Right.

23 THE COURT: I want to make sure what we're dealing
24 with.

25 MR. HALL: Thank you, Judge. May I proceed?

1 THE COURT: Yes, sir.

2 MR. HALL: Your Honor, we have supplied you, I think,
3 with a copy of these Exhibits 1 through 14. It should be in a
4 Redweld.

5 THE COURT: This one -- I didn't see these earlier; so
6 if I appear not to be listening --

7 MR. HALL: You'll be scanning the exhibits.

8 THE COURT: -- I'll be reading it now.

9 MR. HALL: Your preference, Judge. Do you wish me to
10 hold up until you have an opportunity -- I'm going to go
11 through them individually, but very quickly; or would the Court
12 prefer that I just simply continue the examination? These are
13 the invoices that are going to identify specific equipment that
14 we purchased --

15 THE COURT: Get him to answer that question. What is
16 it? 19 pages?

17 MR. HALL: No, Judge. It's a little bit more than
18 that. I think it's 30 pages. What I'll do is quickly -- I
19 think within five minutes I can cover all these pages.

20 THE COURT: Well, the question is not how many they are
21 or even what they cover. The question is: Do you need them?

22 MR. HALL: I think because of exhibits that they've
23 already tendered that they are going to be offering their whole
24 issue is whether we own the system and I choose to prove for
25 the Court that these are invoices that show what we own that

1 they have even sworn in this lawsuit some of them they're
2 claiming that they own and this is a case of conversion and
3 misappropriation of computer assets and that's why I think it
4 would be necessary to at least show the foundation of our
5 ownership. That's what the intent here is.

6 THE COURT: The first question that can be done fairly
7 quickly is: Who has to continue the relationship until there's
8 a reasonable time to reorganize?

9 MR. HALL: Exactly. And, Judge, our plea to you is
10 going to be that since this is a -- this is mischief of
11 conversion that the defendant should bear responsibility of
12 allowing enough time for us to correct the conversion and
13 resume control over our system. But we're willing to pay them.

14 THE COURT: All right. How many major computers are
15 there that are devoted to this company and that company in the
16 same ocean?

17 THE WITNESS: Your Honor, there are over 300 servers
18 that comprises the computer network. There are also networking
19 devices such as firewalls and routers and switches that is part
20 of the computer network. And then the other major component is
21 the hardware that actually stores and secures the data. Those
22 are the three major components that we are asking for.

23 THE COURT: But they plug into something else that
24 plugs into something else?

25 THE WITNESS: Yes, sir.

1 **BY MR. HALL:**

2 Q. So is this a situation where you can just take servers
3 and --

4 THE COURT: That's leading. Come on.

5 MR. HALL: Okay. I was trying to expedite, Judge.
6 I'll go back to my what, when and where.

7 **BY MR. HALL:**

8 Q. Would you tell the Judge: What are Exhibits 1 through 14?

9 A. Your Honor, Exhibit 1 represents the purchase by W&T
10 Offshore of various components that reside in our data center.

11 Q. Do you have more than one of these invoices, or do you
12 have other invoices showing similar purchases?

13 A. We have multiple invoices.

14 Q. So that is just an exemplar?

15 A. Exactly.

16 Q. All right. What's Exhibit 2?

17 A. Exhibit 2 shows the purchase of our HP storage device.
18 It's called an HP Nimble. This is our primary and secondary
19 storage devices that stores all of our data, our seismic data.

20 Q. Let me ask you, though: As to that Exhibit 1 have the
21 defendants filed a sworn answer to discovery in this case
22 claiming they own the item that you-all purchased in Exhibit 1?

23 A. Yes, they have.

24 Q. Is that a true statement or not on their part?

25 A. Yes, it is. No, it's not a true statement on their part.

1 Q. All right. You've identified --

2 MR. GIBSON: Your Honor, I would object. I'd like to
3 see the statement. I don't believe we've made any statements.
4 In fact, we just answered yesterday.

5 THE COURT: Put that on hold and move on.

6 MR. HALL: Your Honor, just for the record, it's their
7 answer to Interrogatory No. 1.

8 **BY MR. HALL:**

9 Q. Exhibit 3. Would you tell the Court quickly --

10 MR. HALL: And, Your Honor, for the record, this is an
11 AEO document. There's a confidentiality agreement that says:
12 "For Attorneys' Eyes Only."

13 This is a document that the defendants are
14 complaining that Mr. Haynes should not see. They have taken
15 the position the chief information officer of our company
16 cannot see Exhibit 3. I don't know if it's appropriate for me
17 to ask leave so that he can at least testify to what this
18 document is --

19 THE COURT: Just ask him: "What is that?"

20 MR. HALL: Okay.

21 **BY MR. HALL:**

22 Q. What is Exhibit 3?

23 A. Exhibit 3 is a breakdown of the hardware that resides in
24 our data center on our platforms that the defendant is claiming
25 he owns.

1 Q. And does W&T own that information -- those items?

2 A. Yes, they do.

3 Q. All right. Go to Exhibit 4, please.

4 MR. GIBSON: Your Honor, if I may, there was a hearing
5 at the state court level before the removal where the
6 plaintiffs specifically asked to show our AEO documents that
7 was denied by the state court.

8 THE COURT: It should have stayed.

9 MR. GIBSON: I understand. But the rulings made by the
10 state court on discovery issues do come with us is my
11 understanding for the process of removal.

12 THE COURT: Well, there are no really federal -- the
13 rules are getting it in and out; but if you touch it, nobody
14 else can touch it. This is not a game.

15 I think both of you ought to call the banks in
16 Midland. I bet you they show the number of gas wells that are
17 going, the price of gas, the price of oil instead of community
18 stuff. Well, that is -- that's what people want to know.

19 Essentially I'm not burdened by what was said to
20 people in state court. If it's against their interests, that
21 can be admitted for that purpose.

22 **BY MR. HALL:**

23 Q. Exhibit 3 that we've just gone through, would you tell --

24 THE COURT: Does that say: "AEO 3"?

25 MR. HALL: Exhibit 3 is AAIT 000071. That would be

1 Exhibit 3, Your Honor.

2 THE COURT: Does it say, "AEO" on it?

3 MR. HALL: It does. I think it's marked at the
4 bottom, Your Honor.

5 THE COURT: Twice.

6 MR. HALL: It does.

7 THE COURT: But I just want to make sure we're talking
8 about the same thing.

9 MR. HALL: That's what we're talking about.

10 **BY MR. HALL:**

11 Q. All right. Exhibit 4. Would you tell the Court what that
12 is, please.

13 A. Exhibit 4 is an invoice billed to W&T Offshore for
14 software that supports those operating systems and computers
15 that reside in our data center. It's specifically for
16 maintenance and support of the software.

17 Q. Did W&T pay for that?

18 A. Yes, we did.

19 Q. And is AAIT claiming it also?

20 A. Yes, they are claiming ownership of it.

21 Q. Again Exhibit 4 is just an exemplar of many invoices
22 showing that?

23 A. Correct.

24 Q. Exhibit 5, tell us quickly, please, what that is.

25 A. Exhibit 5 is once again an invoice billed to W&T Offshore

1 which was paid by W&T Offshore for the backup software which
2 backs up our data to the hardware in our data centers.

3 Q. Again is this just an exemplar of something that you
4 purchased --

5 A. We purchased it, correct.

6 Q. -- and AAIT is claiming to own?

7 A. Yes.

8 Q. Exhibit 6, would you tell us what this reflects?

9 A. Exhibit 6 represents the rent that we pay to CyrusOne,
10 which is the data center in Austin, Texas, on a monthly basis.
11 This is billed to W&T Offshore and paid for by W&T Offshore.

12 Q. And this is where your actual backup system is located?

13 A. In Austin data center, yes.

14 Q. How frequently do you make this payment?

15 A. On a monthly basis.

16 Q. And are you allowed now -- as W&T are you allowed by AAIT
17 or CyrusOne to go into the center y'all are paying for?

18 A. No, we're not.

19 Q. You can't go into the backup. So how about the primary
20 system?

21 A. We cannot enter.

22 Q. Who is foreclosing or preventing you from doing that?

23 A. AAIT.

24 Q. Exhibit 7, would you tell us what that is.

25 A. Exhibit 7 represents another invoice billed to

1 W&T Offshore and paid for by W&T Offshore for the help desk
2 software which is used to manage the incidences and support our
3 user community. This was paid for by W&T, and we own this
4 software.

5 Q. All right. Is this software necessarily for your
6 operations?

7 A. This is necessary because it keeps track of the incidences
8 and the problems within the computer environment. This is also
9 used to support our Sarbanes-Oxley reporting on a quarterly
10 basis. We provide reports out of that software to our external
11 auditors Ernst & Young.

12 Q. Do you have any control over that?

13 A. No, we do not.

14 Q. Who is preventing you from having access and control?

15 A. AAIT.

16 Q. Would you tell us what Exhibit 8 relates to.

17 A. Exhibit 8 is for the purchase of a Palo Alto firewall, one
18 of the security or networking devices that is a critical
19 component of the network.

20 Q. What does it do?

21 A. It's like a traffic cop. It controls traffic in and out
22 of the network. It secures the network.

23 Q. Is this a physical device, or is this virtual?

24 A. This is a physical device.

25 Q. Where is it located?

1 A. In one of the data centers.

2 Q. Have you had access to it?

3 A. No, we have not. We've requested access, but he hasn't
4 granted us access.

5 Q. Is AAIT exercising dominion and control over this Palo
6 Alto device?

7 A. Yes, they are.

8 Q. To the exclusion of W&T?

9 A. Correct.

10 Q. Would you tell us what Exhibit 9 relates to.

11 A. Exhibit 9 represents the purchase of different security
12 appliances, Cisco Meraki firewalls that are either on our
13 platforms or in our data center.

14 Q. And what does this do?

15 A. It's similar to the Palo Alto firewall. It controls
16 traffic in and out of the network and provides security of data
17 and training traversing the network.

18 Q. Again, do you have any access to this?

19 A. No, we do not.

20 Q. Have you asked for AAIT to permit you to have access and
21 control?

22 A. Since Day 1, yes, I have.

23 Q. Have they declined?

24 A. They have.

25 Q. Exhibit 10, would you tell us what that relates to,

1 please.

2 A. Exhibit 10 relates to thin-client computers that sits
3 either on a user's desk or on the platforms in the Gulf of
4 Mexico. This represents the purchase of 105 of those devices
5 billed to W&T and paid for by W&T Offshore.

6 Q. What is a thin -- what did you call it?

7 A. Thin client. It's a standard desktop computer. It's just
8 a small form factor of a computer.

9 Q. All right. And these are physical devices that are
10 actually on the platforms?

11 A. And in corporate offices and field offices as well.

12 Q. Are they necessary for your operations?

13 A. Yes, they are.

14 Q. Why are they necessary?

15 A. This is what our users use on a daily basis to provide
16 inputting to the computer systems, to generate invoices, to
17 communicate with vendors. It's a tool that's used on a daily
18 basis to perform their job function.

19 Q. Would you tell Judge Hughes how many of these devices have
20 you-all purchased? And by "you-all" I mean W&T.

21 A. Well over 200. This is only one invoice for 105; but
22 since I've started, I've seen invoices for at least 50
23 additional computers.

24 Q. And is AAIT now claiming they own these things -- what did
25 you call them?

1 A. Thin clients. Yes. Computers, yes, they are.

2 Q. Have they given those back to you?

3 A. The ones in our corporate office, we have access to those;
4 but the ones on the platforms, they're claiming ownership of
5 those.

6 Q. How many are they claiming -- exercising dominion over to
7 the exclusion of W&T?

8 A. All except 39. They claim that W&T only owns 39 of these
9 devices.

10 Q. Exhibit 11, would you tell us what that relates to.

11 A. This is our --

12 THE COURT: Can't we rule that the rest are similar?

13 MR. HALL: This is -- those were computer
14 communications. This is audio, like the telephone service. If
15 they'll stipulate that --

16 **BY MR. HALL:**

17 Q. We can't control our telephone service or our cable
18 service; is that right?

19 A. That is correct. Your Honor, we --

20 THE COURT: Mr. Gibson?

21 MR. GIBSON: We've been trying to turn over their data
22 to them for six weeks, so I won't stipulate that they can't
23 have access to their own computer. We've been asking them to
24 take --

25 THE COURT: All right. What is involved in doing that?

1 MR. GIBSON: So that's a great point. For six
2 months -- six weeks ago, Your Honor, if I may.

3 THE COURT: Kick anything that's in your way.

4 MR. GIBSON: Thank you, Your Honor. Can you hear me
5 better now?

6 THE COURT: Yes. Thank you.

7 MR. GIBSON: Six weeks ago, as the witness has stated,
8 the parties -- as the witness has stated, the parties mutually
9 asked each other effectively to stand down and not provide each
10 other services. They told us they didn't want to work with us
11 anymore, and we issued a form termination giving them 30 days
12 to do the transfer process. We have offered them a contract if
13 they want to do it on a day rate to continue our services
14 moving forward. They don't want to pay it. All they want to
15 do is to hire lawyers to force us to do a contract --

16 THE COURT: Don't.

17 MR. GIBSON: To answer your question, Judge, before I
18 get into the arguments, what is required? So we have -- we
19 stand ready today, just like we did six weeks ago, to transfer
20 all their data to them. The documents that they're showing --

21 THE COURT: And the machines housing it?

22 MR. GIBSON: The machines. I'll give them everything.
23 If they have an invoice -- if they have an invoice that they
24 purchased the device, we'll turn it over; and I can turn it
25 over probably -- I can turn it over -- if this wouldn't have

1 happened so late in the day, I could have done it today or
2 tomorrow. We don't have any interest in keeping their devices.

3 THE COURT: Seems unlikely, but --

4 MR. GIBSON: Six weeks ago we offered to do that very
5 thing. But your question --

6 THE COURT: That doesn't always stop people from doing
7 irrational things, especially if they're in your family.

8 MR. GIBSON: So what needs to happen is they need to
9 tell us a repository, a location -- a virtual location where
10 they want all their data sent.

11 Well, we asked for it on June 24th -- or
12 July 24th; and they still won't tell us where to send it. We
13 have it in a physical device, what they're calling their backup
14 server. We could put all that data on it and hand it over to
15 them as well, but they don't want it. They won't tell us where
16 to send it.

17 And so it's just that we've canceled our
18 contract. We don't have a contract with them. There's no term
19 anymore. We're trying to deliver their data to them, and they
20 won't take it. If they will identify -- in fact, the documents
21 that they're using right now --

22 MR. HALL: I'm sorry, Judge.

23 MR. GIBSON: Mr. Hall --

24 THE COURT: Wait, wait.

25 MR. HALL: This is argument, Judge.

1 THE COURT: What?

2 MR. HALL: I object. This is argument. He's
3 arguing --

4 THE COURT: It is, but maybe he'll step on something.

5 MR. GIBSON: The documents that Mr. Hall is using with
6 the witness, they never produced to us. We've never seen
7 those. If they would have given those to us and said, "This is
8 our device. Please deliver it," they'd have that device
9 already.

10 There's no need for an injunction. We're happy
11 to turn over all their property. And I have a contract, when
12 it's my turn to talk, that shows that we have a license from
13 them signed by their CEO to build our network that we use to
14 service our customers in the Gulf.

15 You see, you can't have internet -- you know this
16 from your experience in IT. You can't have a network in the
17 Gulf like you can here. You can't call AT&T to get your
18 internet. What they actually use, Your Honor, is the platforms
19 themselves as nodes, jumps; so if you -- that way we can put
20 hardware on a platform to communicate with the nearest platform
21 and then we communicate with the nearest platform after that.
22 That's how you build a network out in the water.

23 So we have a deal with them, a contract, a
24 written contract they haven't presented in their papers. I
25 brought it with me. It says that we have a license on their

1 platforms to build our networks to service both WT and service
2 our other customers.

3 THE COURT: I'm not worried about that. They're either
4 yours or they're not.

5 MR. GIBSON: I'm with you, and I've got a list of every
6 document that they've given us where we've identified a piece
7 of hardware that they asked us to purchase for them. I'll turn
8 over everything on that list.

9 So I guess your question was, Your Honor, what is
10 it going to take? This should have been done weeks ago, and
11 that's our point.

12 THE COURT: People are inventively stubborn, and court
13 rules and lots of laws are built for a different age by
14 probably one 75-year leap, at least one.

15 So I may have to extend the temporary relief
16 because I don't have enough time to help you disentangle, but
17 not long, because I don't like to baby-sit.

18 MR. GIBSON: I could present one exhibit, I think, that
19 may help. We made an offer to W --

20 THE COURT: No, I don't want to know about it. That
21 didn't work.

22 MR. GIBSON: Well, I just said for the bond -- and what
23 will happen over the next 14 days, we have a contractual offer
24 that we made to them that we will do this work on a day basis.
25 And so if it does need to extend --

1 THE COURT: If you'll describe what the costs are and
2 what a normal commercial fee would be, not necessarily him --
3 and you can bill me all you want. The government doesn't play
4 fair, even our distinguished judicial branch.

5 His needs -- his needs -- sound relatively easy
6 to do. Now, there's a lot to do them. Lots of stuff sounds
7 easy, but it's not.

8 And so exactly what they're claiming is theirs
9 and how they would like it disentangled and sent somewhere else
10 or sent back to Houston, they are very interesting problems.
11 That way, you'll have a judge-monitored transfer of the stuff,
12 which in all likelihood they own, at least the first 387 last
13 month purchase orders. So we can do that. You've got somebody
14 over there who can help you.

15 Thank you, ma'am.

16 We could have an agreed temporary restraint for
17 45 days.

18 MR. HALL: In fact, Judge, if I may be heard, since
19 Mr. Gibson suggested to you his proposal to us, what we have
20 proposed to him is the following: That we will disentangle --
21 if that's the proper word to use -- from one another, have the
22 Court appoint a neutral computer expert just to monitor the
23 transfer, so make sure everybody is playing fair. We will pay
24 for that monitor. We don't care who that is. You can select
25 that person. We've both given candidates. They've given

1 Gregg Costa as a neutral. We've given --

2 THE COURT: I don't know who that is.

3 MR. GIBSON: Former Fifth Circuit judge.

4 THE COURT: Pardon?

5 MR. GIBSON: Judge Costa, Gregg Costa of the Fifth
6 Circuit. He's with Gibson Dunn now. He's left the bench, and
7 he's in private practice.

8 THE COURT: Where was he?

9 MR. GIBSON: He was at the Fifth Circuit, Your Honor.
10 Judge Gregg Costa.

11 THE COURT: Oh. That's why I don't know his name.

12 MR. GIBSON: The problem we have is with their
13 proposal.

14 MR. HALL: I wasn't finished. I'm sorry. If I may.

15 Judge, we will pay for the neutral if the Court
16 wants to do that. That way we're not coming back and you're
17 having to monitor us, and it will just give us a window of time
18 so we can have enough time. We can't just take equipment. We
19 have to take an operational system --

20 THE COURT: I know that.

21 MR. HALL: I'm sorry, Judge.

22 THE COURT: But you've got to get going.

23 MR. HALL: That's exactly right, and we're ready to get
24 going.

25 MR. GIBSON: And I guess the problem we have -- an

1 injunction -- it's hornbook law according -- in the state of
2 the Texas. You can't have an injunction that forces someone to
3 do personal services. You can't perform a service contract by
4 injunction and --

5 THE COURT: This is not going to be an injunction.
6 It's going to be a judgment that your client loses if you're
7 stubborn. This is not a playpen. It's not yours, give it
8 back. We do that in maritime cases all the time.

9 MR. GIBSON: Your Honor, we'd give it back today if
10 they'd let us. They won't -- they won't take it. They won't
11 take it.

12 THE COURT: Well, I'll find a repository.

13 MR. GIBSON: Okay. And we will put everything there,
14 Your Honor.

15 MR. HALL: Judge, the issue is not that we don't have
16 any place to store it. The problem is they won't even give us
17 the passwords so we can transfer data before they ever transfer
18 the machinery.

19 THE COURT: All right. How long does it take you for
20 you to transfer the passwords?

21 MR. GIBSON: Well, the passwords they want are to our
22 network.

23 THE COURT: To our what?

24 MR. GIBSON: To our network. We have a network that we
25 service our customers. We will copy the data for them. We

1 know where their data is, but I won't give them -- and I can do
2 it -- I think we're already done. I think I'm ready to
3 transfer their data. If they will tell us where to put it, we
4 will transfer it. Give me --

5 THE COURT: So --

6 MR. HALL: Can you --

7 THE COURT: No.

8 MR. HALL: -- do it in 48 hours?

9 MR. GIBSON: We can do it in 48 hours.

10 THE COURT: You're spitting in the soup. Don't do
11 that. I'm trying to get you somewhere, and you keep thinking
12 of something else.

13 If anybody has something that needs saying, it's
14 you.

15 THE WITNESS: And I would like to say, Your Honor,
16 Your Honor, they've offered to transfer data. This is more
17 than just about data. This is an entire operational network
18 that includes servers, firewalls, routers, switches, not just
19 data; and the data alone does not represent an operational
20 network.

21 THE COURT: I understand. But it's never going to
22 improve, probably might even stay the same because it ages in
23 their hands; and the reasonable thing to do -- you made a lot
24 of money off of this deal, and I think y'all got it
25 cross-purposes, which happens. But that data is losing ground.

1 Life doesn't stand still and I don't know and you don't know
2 what you have to do to get that stuff. He does. Or if he's
3 not the secret guru of this stuff, he knows who to talk to to
4 get it done. But it needs to be done fast. It's to
5 everybody's detriment to postpone it; and it will seem strange
6 at this juncture, but it's true.

7 You might have a wonderful future together after
8 a cooling-down period and they strike 187 more wells, it may be
9 a good deal. Many business suits are shooting themselves in
10 the foot.

11 MR. HALL: Judge, if I may ask, if we can't reach
12 agreement -- and I'll go out in the hallway and talk with
13 Mr. Gibson -- what we'd ask the Court to give us is a 60-day
14 window.

15 THE COURT: Counsel --

16 MR. HALL: Yes, Judge?

17 THE COURT: -- we've done that. I'd like to give you
18 120 days. I don't know. But every day that they're occupied
19 with this is a day less they can occupy themselves with the
20 business that remains.

21 MR. HALL: Exactly.

22 THE COURT: So it's got to be balanced. It's not going
23 to be easy for him to get together. It's not going to be easy
24 for him to get rid of it. It's just a chore. It's a lot of
25 work, but it needs to be done and it needs to be done promptly

1 by professionals.

2 Do you want to talk to your man?

3 MR. GIBSON: Yes, Your Honor. I mean, the parties were
4 set -- before this hearing was set, we were going to sit down
5 and we were going to try to mediate, because I'm a big fan of
6 that from our perspective, because our clients know their
7 businesses a lot better than the lawyers do and the Court does
8 and so I guess I'm concerned about --

9 THE COURT: I disagree with that.

10 MR. GIBSON: Okay. Maybe not the Court. I'll give you
11 that.

12 THE COURT: Some other judge.

13 MR. GIBSON: Some other judges.

14 So I think at a -- I think at most the law would
15 require that the TRO be issued for a 14-day period. I'd like
16 to put on evidence of what I think the bond should be if we're
17 going to do that and then at least have the parties
18 negotiate and see if there's something they can --

19 THE COURT: Counsel, don't take 30 days. You know
20 their finances. You've been in business with them for what?
21 15 years or something? This is not a profit.

22 MR. GIBSON: Your Honor, we're trying to get away from
23 the contract. We don't want to be involved, and we're not
24 trying to make money off of it.

25 THE COURT: At the moment you don't; but when they make

1 a lot of money, you'll remember them fondly.

2 Mr. Hittner?

3 MR. HITTNER: Your Honor, the problem here is we were
4 scheduled to go before the state judge. They removed. We had
5 a deposition set. They're now saying, "Whoa, whoa, whoa, whoa,
6 whoa. Maybe we shouldn't have done this."

7 But quite frankly we're happy to work it out; but
8 they need to stop thinking they're going to one-up us and find
9 a way to get us our data, get us our equipment. And they're
10 the ones that removed, and now he's saying, "14 days." No.

11 THE COURT: I don't know what that personal service
12 thing was; but when I tell a company to do it, it's the
13 owners and the employees who get the work done. Now, that
14 was -- that was not very lawyerly.

15 MR. GIBSON: Well, I think if the argument is that we
16 should deliver it, we will deliver the data by end of day
17 tomorrow. I can deliver the data; I can deliver the devices.
18 If that's what they want, we can do it.

19 It's just that we don't -- we don't believe it's
20 appropriate for the parties to be ordered to continue to work
21 without a contract that requires us to do it. We don't have a
22 contract that requires the continued operations --

23 THE COURT: You've got a contract not to keep property
24 that belongs to somebody else.

25 MR. GIBSON: Like I said, they gave us -- they've never

1 given us these documents. Now that I have them, I will turn
2 this over. I'll turn it over -- I'll turn it over tomorrow.

3 THE COURT: Your people knew which leader is on which
4 platform and who paid for it.

5 MR. GIBSON: Correct. But the devices --

6 THE COURT: You just never thought it would be very
7 interesting.

8 MR. GIBSON: Your Honor, on July 24th we offered to
9 return those -- those devices. There's a 700,000-dollar --

10 THE COURT: You're reverting to that. Quit whining.
11 Who's the head person?

12 MR. GIBSON: This is Ramesh.

13 THE COURT: Do you know where the jury room is?

14 MR. GIBSON: In your courtroom, Your Honor, no, I do
15 not.

16 THE COURT: Good. If you'll follow him -- this is his
17 third day here, so I'm not sure he can find it. Go out this
18 door and follow him with him and you.

19 MR. GIBSON: Okay.

20 THE COURT: Actually since it's been represented and I
21 believe it's gospel she knows it all, take her along, too.

22 MR. GIBSON: Is it for the parties to have a
23 conference, Your Honor, or just on our side to confer?

24 THE COURT: You ought to talk among yourselves.

25 MR. GIBSON: Okay.

1 THE COURT: People are nervous when they talk around
2 me. You may take a rest.

3 MR. GIBSON: Thank you, Your Honor.

4 THE COURT: Just let the parade go by.

5 Does anybody need to go to the restroom?

6 (Brief pause in the proceedings.)

7 THE COURT: Illumination?

8 MR. GIBSON: I do believe it was very illuminating. It
9 gave me an opportunity to talk to my client about the testimony
10 that was heard.

11 We disagree about a lot of the factual components
12 that were provided.

13 THE COURT: Okay. So do I.

14 MR. GIBSON: Okay.

15 THE COURT: How much is the check going to be for doing
16 all that work?

17 MR. GIBSON: Well, so we can do the work for 250 per
18 day per platform that they want us to monitor and maintain and
19 so that's my understanding. That's market rate. I'm happy to
20 put Ramesh on to provide testimony on that number.

21 But if they want us to do a hundred platforms,
22 it's cheaper. As they migrate away, that price comes down as
23 you point -- and that creates the incentive I think you're
24 looking for, Your Honor. The faster you migrate, the cheaper
25 it gets because --

1 THE COURT: That's the sort of thing -- most of my oil
2 field work was either listening to my father who was in
3 hydro -- my jobs in the oil field were exquisitely low. When I
4 reported, I was astonished they still had things like that,
5 but it was the best job I could get.

6 There's an echo from my father. The morning I
7 turned 14, my mother was still in bed so surprised that I lived
8 that long thinking somebody surely would have shot him by now;
9 and I plopped down next to my dad and said, "Good morning,
10 sir."

11 And he said, "Good morning, Lynn." There was a
12 pause. Oh, he said, "Happy birthday." And then a short pause
13 and he says, "Where are you going to work?"

14 And I said (Stuttering).

15 And when I took a breath, he said, "Well, it
16 seems to me you have two choices. You get a job, you'll have
17 money. You don't get a job, you'll work for me; and I won't
18 pay you."

19 I learned a lot in that 28 seconds because I
20 immediately said, "I'll get a job, sir."

21 And he said, "I thought you would." And that's
22 the end of it.

23 MR. HITTNER: Your Honor, if I may?

24 MR. GIBSON: One more thing I'd like to add.

25 I believe we can have all the devices and data

1 delivered by Friday of next week as well. I guess if they do
2 the contract, of course, and they are paying us a per day rate,
3 they can tell us when they want delivery. They can tell us
4 when they want the data.

5 At that point it takes a lot of the pressure out
6 of the room because we have the rate we believe is adequate for
7 us to maintain staffing on our end. Because you have to send
8 people out to platforms. I mean, it's not --

9 THE COURT: Some of it is not a system. Some of it is
10 local to the rig or whatever or the home office. I don't know.

11 MR. GIBSON: That's why if we'd had the opportunity --
12 if we have another hearing, we'll present the contract that
13 lays out the reason we built networks at each of their
14 platforms that they're communicating through and that's why
15 it's going to become thorny and we're going to have to go
16 invoice by invoice to figure out what's theirs and what is
17 ours.

18 And so what we can offer -- and I think it's a
19 fair market rate -- \$250 per platform per day they want us to
20 support. That's a fair rate for us. We can keep the lights on
21 on our end from doing it. It takes the pressure out of the
22 situation because at that point we're there to support them and
23 we're their transition team and then, like you mentioned, maybe
24 we can all get along one day down the road.

25 THE COURT: Or split up.

1 MR. HITTNER: Your Honor, if I might, they're currently
2 making about -- about -- \$10,000 a day, \$300,000 a month.

3 The price structure that --

4 THE COURT: Wait a minute. Why do I care about that?

5 MR. HITTNER: Well, the price structure he's proposing
6 would take that \$10,000 a day up to \$30,000 a day to
7 transition. And this is our equipment. This is the --

8 THE COURT: Okay. I've got that. So what does your
9 client recommend for the pricing for removal?

10 MR. HITTNER: I'm happy to make a counterproposal,
11 Judge; but this is akin to --

12 THE COURT: Well, make it.

13 MR. HITTNER: Our position is that they should continue
14 making what they made before trying to steal all of our
15 equipment --

16 THE COURT: Okay. I got it. I know you think I'm
17 slow.

18 MR. HITTNER: No, no, not at all, Judge.

19 THE COURT: Mr. Haynes? How about you?

20 MR. HAYNES: I would say -- I'm sorry, Your Honor.

21 THE COURT: We've worn you out.

22 MR. CURTH: Oh, me?

23 THE COURT: Somebody give him a name.

24 MR. CURTH: Jonathan Curth, Your Honor, general
25 counsel.

1 Well, look, taking it -- what is that? Three,
2 three and a half times. I mean, look, we want to be
3 reasonable. We want our data and equipment.

4 I mean, look, 20, 25 percent markup seems more
5 than fair; but if we -- we're willing to negotiate. We want to
6 be reasonable. I'm not sure three times is reasonable.

7 THE COURT: How have you done the last 90 days?

8 MR. CURTH: It has not been 90 days, but what we've
9 done previously is we have been preparing to have to build out
10 our own network if we have to, an exorbitant amount of money
11 and we've already bought --

12 THE COURT: Can your people who are on the payroll
13 remove these things and transfer the data?

14 MR. CURTH: No. No, I wouldn't put it that way.

15 THE COURT: Okay. I don't know.

16 MR. CURTH: I mean, look, I'm not an IT person; but as
17 I kind of understand this, the bulk of this equipment is
18 sitting in a storage unit and so, fine, they own -- they rent
19 the storage unit. Just roll the stuff out and move it next
20 door.

21 So it's -- it's -- as soon as we can get the
22 passwords and the access, I think we can have this done in
23 under 30 days. And we want to move away, and we're willing to
24 pay a premium. I'm not sure 300 percent is reasonable. We're
25 willing to do something more.

1 THE COURT: All right. Just because I don't have the
2 background that you-all do, but you're saying that you want to
3 disconnect the things --

4 MR. CURTH: I'm saying we want to take our equipment
5 and move it to our house.

6 THE COURT: And is that more expensive than letting it
7 rest temporarily in W&T's warehouse?

8 MR. CURTH: You mean AAIT's.

9 I can't really speak to that. It's probably
10 similar. I mean, we're willing to -- if you think --

11 THE COURT: I think the man behind you is thinking real
12 hard.

13 MR. HAYNES: Your Honor, I believe we own the space
14 that the equipment currently resides in. We pay that invoice
15 on a monthly basis to the tune of \$13,000. It is billed to
16 W&T.

17 THE COURT: You don't own it? You've leased it?

18 MR. HAYNES: Yes, we lease that space; and we pay for
19 that space.

20 THE COURT: I mean, if you just pay for it every month,
21 that's a lease.

22 MR. HAYNES: Correct. If we have access to that space
23 and to our equipment, we are willing to move that equipment
24 away from the other commingled hardware and move it away from
25 AAIT and take it to our own data center. That's our ultimate

1 goal.

2 THE COURT: And that's in Houston.

3 MR. HAYNES: That is in Houston in Katy, Texas,
4 correct.

5 THE COURT: Where is it right now?

6 MR. HAYNES: It's also in Houston at a different data
7 center. There are many providers of different data centers in
8 Houston.

9 THE COURT: Okay. So you're talking about crossing a
10 couple of roads. I can hire some teenagers.

11 MR. GIBSON: I mean, we'll bring it over. I think
12 we've already delivered one of the servers. I have a
13 photograph of one of the servers at their office and so --

14 THE COURT: But I want it all done.

15 MR. GIBSON: Yeah, like I said --

16 THE COURT: All right.

17 MR. HAYNES: Your Honor, if I may speak?

18 THE COURT: Yes, sir.

19 MR. HAYNES: The transition has to be a very orderly
20 process. You just can't remove the equipment and deliver it.
21 The network needs to stay alive. It needs to continue to
22 function.

23 THE COURT: Okay. But there are a whole lot of boxes
24 that aren't connected to anything at the moment as I understand
25 it.

1 MR. HAYNES: Everything is connected, correct.

2 THE COURT: You're going to look funny towing that
3 warehouse down the street. Your client --

4 MR. GIBSON: It could be collateral. We have a photo
5 of -- we actually delivered one of their servers to them. We
6 have a photo of it delivered, but I mean, I don't think it
7 matters at this point because it sounds like -- look, we have
8 an offer to them. If they want our services, if they want a
9 day rate for us to support them, we've got --

10 THE COURT: If not, you get them.

11 MR. GIBSON: Right.

12 THE COURT: And you have somebody watch because I don't
13 want to hear a complaint later that they took the east wall
14 instead of the --

15 MR. HITTNER: Your Honor, I think --

16 THE COURT: Oh, thank you for volunteering.

17 MR. HITTNER: I think we'll need some guidance from
18 Your Honor. They are at a 3X rate, and we have said that we
19 will be flexible. We think that's a little outrageous.

20 THE COURT: Don't tell me about what you're going to
21 be. We've got a number. You don't like their number, give
22 them a new one or, as I understand it, he wants to do it all
23 himself.

24 MR. HAYNES: Your Honor, I do not necessarily need
25 their assistance to transition the network, but I do ask that

1 they continue to support it during that transition and we're
2 currently paying on a monthly basis for that support.

3 THE COURT: All right. Well, we subtract that when you
4 pay some other number.

5 MR. CURTH: And correct me, but I think we're
6 approximately paying 300,000 a month; so if we paid half a
7 million a month until this is done, is that reasonable?

8 MR. GIBSON: Yeah, I mean the reason that we broke it
9 down per server is so that we can begin scaling down; and so I
10 think it makes sense to say -- if 200 is the right number, I
11 think 200 per server per day or platform -- it's a platform.
12 It's in the water. This is not someone's home computer. I
13 think that's a fair price, and I have to get approval.

14 Ramesh, are we okay with 200? 200 per platform
15 per day?

16 MR. ARUMUGAM: Yes.

17 MR. GIBSON: Okay. We could do that, Your Honor.

18 THE COURT: See? I think you can work it out, but -- I
19 don't know. You may find it unpleasant or not, but this is
20 simple. And both sets of people have been active contributing
21 members of a large society that produces something Putin
22 doesn't and so you've got to get those back in service.

23 MR. GIBSON: I have a proposal, and this is --

24 THE COURT: Pardon?

25 MR. GIBSON: Let me stick my toe out here, but I have a

1 proposal.

2 If we could -- I think the parties were planning
3 to sit down and negotiate a workout, like I mentioned. If the
4 TRO is still in place until tomorrow, until tomorrow at
5 midnight, does the Court have a window tomorrow that it could
6 rule if the parties are unable to sit down and meet and have a
7 grownup conversation about this and see if we can get through
8 it?

9 (Off-the record discussion.)

10 MR. HITTNER: Your Honor --

11 THE COURT: Yes, sir?

12 MR. HITTNER: Your Honor, they waited until the
13 eleventh hour.

14 THE COURT: Okay. And they're rotten skunks.

15 MR. HITTNER: But they're now asking -- so we scrambled
16 and we did what we had to do to be here today and now they're
17 asking this court not to rule on everything we've had to do to
18 meet their -- what they've put before us. We don't want, you
19 know, to risk all of these platforms going out. They're now
20 asking for you not to rule on --

21 THE COURT: I'm not going to rule on it. I'm going to
22 tell you what I expect you to do tomorrow, which is push this
23 along. If any of you are having emotional problems because of
24 the way this is aligned, then go watch a movie or something.
25 We're not here to play games.

1 I had a couple of lawyers who stood right there
2 and just fussed and told me what a rotten scoundrel they are.
3 I just finally, I said, "Thank you so much, gentlemen. I now
4 accept their stipulation that they are both SOB's."

5 I mean, if you ever watch the jury when lawyers
6 do that, they get sick at their stomach. That's not what
7 you-all are paid to do.

8 And my theory is I'm going to allow you to use my
9 restroom, my jury room that has two kinds of toilets or
10 restroom facilities. It's elegant. It has coffee with a
11 coffee maker, and I'll be here. I'll just be here in and out
12 because I've got other impatient people.

13 But I don't believe that your client owns all the
14 stuff that they've been -- that they buy it somewhere and then
15 rent it to you or something, but it's clear that that's their
16 stuff. You've got no use for it. That's the biggest problem
17 with it.

18 Clean it up and work out a sensible settlement
19 because you're not going to make money off of me in this stuff.
20 You'll be lucky to break even. I mean, it's a retro movement.
21 It's not your fault, but neither is all that other stuff that
22 happens in markets.

23 I participated in one wildcat, and it made me
24 feel so much better about all of the others. I lost money on
25 this one, even. You can do it.

1 We got a layer of articulate, well-prepared
2 lawyers. That doesn't make money. Only incidentally does it
3 happen that we make a business more of a business.

4 But at this point there's so much tension brought
5 on by problems that neither side started, y'all are dancing
6 around shooting yourselves in the foot.

7 And so I will tend to my other people. My
8 secretary is about midway. If she's not there, the law clerk
9 will be back where the sign says "Law clerks." It's wrong.
10 It's only a single one at the moment, and I'm going to try to
11 find another one.

12 Anybody have any questions?

13 MR. HITTNER: Your Honor, just so that I'm clear, we're
14 going to come back here after we've had a chance to visit, both
15 sides? Is that correct?

16 THE COURT: Well, I was going to give you overnight.

17 MR. HITTNER: Is it possible that we can get a ruling
18 that the TRO will not end tomorrow?

19 MR. GIBSON: I mean, it's really not necessary.
20 There's no --

21 MR. HITTNER: You're not a publicly-traded company.

22 THE COURT: All right. I'm not sure there were grounds
23 for a TRO to begin with. The problem is the computers, the
24 transmission lines, all of that stuff is nifty stuff, but it
25 sure takes a lot of friends to help it along. So I don't think

1 I need it, and I don't think it's appropriate. And so I'm not
2 going -- however, I will address anything else into a
3 short-term temporary injunction. That way we can adjust it and
4 give you a while to see if it works.

5 MR. GIBSON: I think if the parties will go into your
6 jury conference room, I would assume that we should be able to
7 work this out, Your Honor.

8 THE COURT: Which two people are certain to be here?

9 MR. GIBSON: I'm certain.

10 THE COURT: I just need two. The law clerk is going to
11 take you down to where it is.

12 MR. GIBSON: May we bring our clients as well? I think
13 it's probably better for them.

14 THE COURT: Well, sure. You're afraid you're not going
15 to find it?

16 MR. GIBSON: No, I just meant the two attorneys -- an
17 attorney from our side, attorney from their side, and our
18 clients. So I think that's what we need.

19 THE COURT: I think one lawyer and two people from the
20 firms.

21 MR. GIBSON: Okay.

22 THE COURT: They're the smart people in the room.

23 MR. GIBSON: I know, but the clients are the ones that
24 can say, "Yes, we'll do it for that price."

25 So that's why -- I think they're the

1 decision-makers.

2 THE COURT: No, I agree. I started my first of many
3 spiels that they're the people who made the wealth and want to
4 preserve it.

5 All right. Follow this gentleman.

6 (Court is in recess.)

7 THE COURT: Is there an announcement?

8 MR. GIBSON: Yes, Your Honor, there is.

9 I guess we would start by saying we have a
10 Rule 11 agreement; however, we are missing the most important
11 component of it, which is the price.

12 We have an offer from the plaintiffs. We have a
13 counteroffer from the defendants. Our plan is to read to you
14 all the material terms in the agreement otherwise for the
15 continuation of the contract under a short-term agreement and
16 then we empower you to hear our pleas as to why we believe our
17 number is correct. You can decide our number, their number or
18 a number in between; and the parties have agreed to be bound by
19 that declaration from the Court.

20 THE COURT: Is that the deal?

21 MR. HITTNER: Yes, sir.

22 THE COURT: Well, God bless you. You did what you were
23 supposed to do.

24 Would you take him with you?

25 No, I'm serious. That's the rational way to do

1 it. Sometimes people suspect this is one of those things that
2 you see in the western movies except I'm a lousy rider.

3 MR. GIBSON: And I'm a terrible shot.

4 THE COURT: Huh?

5 MR. GIBSON: I'm a terrible shot.

6 THE COURT: I'm pretty good as a shot. That really
7 counts.

8 All right. The court reporter has that down.

9 MR. GIBSON: May I proceed with the material terms?

10 THE COURT: You're going to dictate them?

11 MR. GIBSON: Yes, Your Honor.

12 THE COURT: Sure.

13 MR. GIBSON: I'm going to dictate them here and then
14 I'm going to give my opposing counsel an opportunity to make
15 sure I've dictated them correctly and then so we can have
16 everything prepared so that we can submit the issue to
17 Your Honor.

18 MR. HITTNER: And I think we would both appreciate a
19 few moments to make our positions known on where we are on
20 price.

21 MR. GIBSON: Correct.

22 THE COURT: He just said you worked out everything
23 except --

24 MR. HITTNER: Except price. We want to give you our
25 perspective on price.

1 THE COURT: No. Write it down where you are. That's
2 all I want to know. If the answer is not settled, then I don't
3 have an answer. You get where you want to go and keep going.

4 MR. HITTNER: We want you to pick the number. We just
5 want you to understand what we think, Your Honor.

6 THE COURT: What I would like to do is, say, late
7 tomorrow afternoon if a couple of you were around we could get
8 back together. I think you're tired and grouchy, which is in
9 some cases like judges, it's automatic.

10 I say let's get the general terms and then we'll
11 get back together and I have to put it into -- it would be not
12 late tomorrow.

13 All right. I say go home and while some of them
14 are working on the left-hand screws, you can tell me about the
15 money part.

16 MR. GIBSON: Well, if I could, Your Honor, can I
17 dictate into the record the terms that we've agreed upon --

18 THE COURT: Sure.

19 MR. GIBSON: -- so at least we don't have a moving
20 floor on that one?

21 The first term we've agreed upon is that AAIT
22 will continue to support W&T in their data transition efforts
23 for the next up to 120 days. We have broken that down into two
24 30-day increments, which they will pay all amounts owed in
25 30-day chunks.

1 After the 60 days have passed, so two payments
2 would have been made, it will go to a seven-day increment where
3 they will renew every seven days.

4 And then at the end if they decide not to, they
5 can terminate the contract and the parties will go their
6 separate ways.

7 Upon termination of this agreement, W&T will
8 release AAIT and Secure Cloud of any and all claims it could
9 have made.

10 In addition, as to the specific steps that will
11 be performed, AAIT will allow W&T's third-party expert to have
12 access to what we call the equipment cage to remove any
13 equipment owned by W&T from that equipment cage, however W&T
14 will provide us with a plan, a transition plan, before access
15 is given to that expert.

16 The expert will agree to a reasonable protocol to
17 ensure the integrity of the data of which that expert won't
18 necessarily be accessing, but will be in the vicinity of to
19 make sure that all data is protected for AAIT's other
20 customers --

21 THE COURT: Are we going to have one expert or two?

22 MR. GIBSON: One.

23 THE COURT: One?

24 MR. HITTNER: Yes, sir.

25 THE COURT: It's not me?

1 MR. GIBSON: Perfect.

2 THE COURT: Don't let my advertising fool you.

3 MR. GIBSON: AAIT will maintain connectivity for all
4 platforms, and Secure Cloud will maintain connectivity for all
5 platforms during the lifecycle of this agreement.

6 THE COURT: You're going to have to speak up. The
7 court reporter has to hear it.

8 MR. GIBSON: AAIT and Secure Cloud will maintain
9 internet connectivity for all platforms offshore during the
10 lifecycle of this agreement. The corporate systems of W&T,
11 however, will be primarily managed by W&T, however, AAIT has
12 agreed to support them in their efforts if they do request at
13 the same level that they're currently supporting those systems.

14 We have agreed if there is a dispute about the
15 ownership of a piece of hardware, then we will submit any such
16 dispute to former Judge Gregg Costa as our primary selection.
17 If Judge Costa is unable or unwilling to take the appointment,
18 our backup is former Judge Halbach. We will empower
19 Judge Costa or Judge Halbach --

20 THE COURT: Halbach will probably be cheaper.

21 MR. GIBSON: Judge, whichever judge is ultimately the
22 referee of that dispute, all fees will be paid by W&T unless
23 that judge makes a determination that AAIT or Secure Cloud has
24 taken an unreasonable position as to ownership of any
25 particular piece of hardware -- any issue that's in dispute, I

1 suppose, for which he will have jurisdiction to determine.

2 THE COURT: It's easier if you do it that way.

3 MR. GIBSON: Yes. We've given this guidance that we've
4 agreed to and it was quite hard-negotiated actually. Here's
5 the guidance that we will have for either Judge Costa or
6 Judge Halbach.

7 We ask our judge to determine that the intent of
8 the parties is to require anything reasonably needed to secure
9 an orderly transition so long as such action respects the
10 parties' property and contractual rights without limitation of
11 the overall purpose.

12 In addition, AAIT will appoint a single senior
13 network engineer to be the point person for all interactions
14 with W&T during the lifecycle of the contract.

15 AAIT and Secure Cloud requests \$25,000 per day
16 for the performance of this duty across all 120 offshore
17 platforms including the corporate.

18 Oh, there's a couple more before I get there.
19 No, that's right.

20 So AAIT requests \$25,000 per day for the
21 performance of all aspects of this contract.

22 And have I left -- other than price, have I left
23 any terms off?

24 MR. HITTNER: Well, you just gave him your price.

25 MR. GIBSON: Right. I know.

1 MR. CURTH: It's not the singular cage. It's multiple
2 cages.

3 MR. GIBSON: The data center access to the cage, as I
4 said, for the single expert of the plaintiffs, there are two
5 locations and he will be given access upon notice and upon a
6 plan presented to AAIT for both cages.

7 Payment will be 15 days in advance.

8 MR. CURTH: Not 30.

9 MR. HITTNER: I do want to be clear we're not agreed on
10 that \$25,000 a day, but everything else is as it's represented.

11 \$25,000 a day represents a 250 --

12 THE COURT: Okay. Everybody's told me that three or
13 four times today; so see if you can do better while they're
14 doing the rest of it.

15 MR. HITTNER: Would you like to know where we are?

16 THE COURT: I thought you had agreed to that --

17 MR. HITTNER: No, sir.

18 THE COURT: -- and then you had to work out --

19 MR. HITTNER: We agreed to all the terms, not as to the
20 price that he just threw out.

21 THE COURT: Okay. That's what it says.

22 MR. GIBSON: So the price offered by the plaintiffs is
23 \$13,000 a day. We have been unable to cross the bridge between
24 those two. We consider that number low because at open court
25 they had already offered 500,000 a month, which is 16,000 a

1 day; and so when we went into the room, the price came down.

2 THE COURT: Just because somebody is --

3 MR. CURTH: Judge, he's misconstruing that. That was
4 based on paying -- I'm sure the record reflects it was based on
5 the assumption that we paid between 350,000 and 400,000 a
6 month, so that's not correct.

7 THE COURT: Well, that's why you work out a per-bottle
8 deal.

9 MR. CURTH: We can go back and figure this out.

10 MR. GIBSON: So other than the price, the parties are
11 agreed; and so I do think there is wisdom in taking -- if we
12 can have 24 hours to see -- talking to our principals, talking
13 to their principals, to see if we can cross that bridge.

14 THE COURT: I do think it's good to sleep on it. I
15 think you'll sleep better than you did last night.

16 MR. HITTNER: 120 days on the injunction.

17 MR. GIBSON: The maximum time frame. So long as
18 they're paying the daily rate that's being requested, then they
19 may continue the seven-day increments for a total of 120 days
20 of injunction.

21 THE COURT: I'm going to have a peculiar injunction,
22 which it is carry that out. And you say I have 120 days?

23 MR. HITTNER: 120 days is what we agreed to as long as
24 we are paying the daily rate, whatever that daily rate
25 eventually we agree to.

1 THE COURT: All right. Just get it to me clearly,
2 please. I don't want to -- I'm not interested in the
3 injunction. I'm interested in the productivity of you all in
4 finding out the easiest way to get this done.

5 Next year y'all will be in here arguing about
6 they made 18 billion more than we did -- well, it was actually
7 18.1 on our part and 18 on their part.

8 I don't know. But that's a solution. It's not
9 a -- what was his name? He was a prizefighter that eventually
10 lost his mind.

11 MR. CURTH: Ali.

12 THE COURT: Yeah, Ali. So I was having a trial, it was
13 a criminal trial of a friend of Ali's and I had the jury
14 sitting over there where they're supposed to and all of a
15 sudden I noticed that the galleys had filled up. Where there
16 had been almost nobody, like now, all of the sudden lots of
17 whispering going on. So I looked and between two nurses was
18 Muhammad Ali.

19 So I wrote a note to the juror and said, "The man
20 between the two ladies in white dresses on the first row is
21 Muhammad Ali. Nothing interesting is going to happen. Pass it
22 on."

23 Everybody quit watching. He was convicted of
24 draft evasion in this building. He was later acquitted when
25 the Supreme Court said they were all too vague. I don't

1 understand why they couldn't tell it at the time.

2 All right. So do you want to come by tomorrow
3 late?

4 MR. GIBSON: I think that would be wise. Does the
5 Court have time for us tomorrow afternoon?

6 THE COURT: The afternoon is zero to 3 roughly. I've
7 got a hearing in here, and I sure would like to not necessarily
8 be here. I've seen the dawn, you know. I might like to see
9 midday, but I will be here probably between 8 and 9. Do you
10 want to be here earlier?

11 MR. HITTNER: No. I was under the impression we were
12 coming here in the afternoon. Sounds to me like you were
13 booked from noon to 3:00. Do you want us here at 3 o'clock?

14 MR. GIBSON: Because that would give us time to talk to
15 the decision-makers.

16 THE COURT: All right. That's just one of my events.
17 I'll tell you what it is. It's somebody being sworn into the
18 bar, and I'm not as happy for her as I am happy for her
19 parents -- not that all children are deadweight.

20 MR. HITTNER: I'll let my father --

21 THE COURT: I'm not going to ask him because I like you
22 too much.

23 MR. HITTNER: What time would you like us back here,
24 Your Honor?

25 THE COURT: Let's make it 3:30 just to give me a little

1 more room to see the happy people.

2 MR. GIBSON: If we can reach an agreement, can we
3 submit it to pass the hearing?

4 THE COURT: If it's written. You know, you ought to
5 seal it with something official like some of his blood. That's
6 what knights did. They didn't hack it with an ax, they just
7 nicked him a little bit.

8 MR. GIBSON: Written in blood. Got it.

9 MR. HITTNER: Hittner's blood.

10 THE COURT: All right. So the ultimate limit of
11 extension is, let's say, 4 o'clock.

12 All right. Thank you, gentlemen.

13 MR. GIBSON: Thank you.

14 MR. HITTNER: Thank you.

15 THE COURT: And unspecified relationship entity, thank
16 you.

17 (The proceedings were adjourned.)

18 * * * *

19 REPORTER'S CERTIFICATE

20 I, David S. Smith, CSR, RPR, CRR, Official
21 Court Reporter, United States District Court, Southern District
22 of Texas, do hereby certify that the foregoing is a true and
23 correct transcript, to the best of my ability and
24 understanding, from the record of the proceedings in the
25 above-entitled and numbered matter.

/s/ David S. Smith_____
Official Court Reporter